

FAST FACTS

Requirement to Track Funding Sources Separately

All districts receiving federal funds and federal competitive grants must expend funds as they are intended. Districts outline their intent for these funds through an application for federal funds and subsequent budget revisions. The budgetary information that the North Dakota Department of Public Instruction (NDDPI) has on file for a district must reflect what the district has on file for that particular program.

If changes need to be made to a budget, it is allowable throughout the course of the school year to submit electronic budget revisions. The North Dakota Century Code Section 57-15-31.1 indicates that school districts can amend federal program budgets by board approval.

Each program funding source must be tracked separately. In regard to the Title I program, many times the funding issued isn't enough to fully operate the program. In these situations, districts may choose to use local funds to help cover the costs of the program. When this occurs, the district is required to identify the federal Title I funds (e.g., salary and benefits) separate from local funds used to support the Title I program (e.g., remaining salary, benefits, travel, material, supplies). The easiest way to keep these budgets separate is through the use of the program codes. You can use the project code of 068 for all Title I expenditures, but use program code 261 for the federal portion and a non-federal program code as indicated below for the district portion. By identifying the district contribution to Title I in the regular instruction category instead of the federal category, the expenses will be identified in the proper category for end-of-year reporting. By using the project code of 068, the district will also be able to see how much local funding was needed to supplement the federal Title I program. All federal programs have associated codes.

Using Federal Funds to Support Title I Expenditures					
Fund	Project Code	Instructional Organization	Program Code	Function	Object Code
01	068- Title I	20- Elementary 30- Middle 40- Secondary	261- Title I	1000- Instruction	110- Salary
Using Local Funds to Support Title I Expenditures					
01	068- Title I	20- Elementary 30- Middle 40- Secondary	110- Kindergarten 120- Elementary 130- Middle 140- Secondary	1000- Instruction	110- Salary

It is a requirement for districts to track federal and local funding to support the Title I program separately for the following reasons:

- When districts submit financial reports to the Office of School Finance, it is critical that local and federal expenditures be reported separately so that the funding rolls up correctly into the appropriate categories. If local funds are coded to the district's federal Title I budget, those local expenses are inflating the federal section of financial reports for the district.
- All districts are required to meet the federal Maintenance of Effort (MOE) requirements. Combining local and federal funding together may skew the district's share of MOE causing the district to not meet MOE. Districts that don't meet MOE are required by federal law to have their Title I allocations reduced.
- Under EDGAR and federal law, the NDDPI is responsible for ensuring that the federal funds are expended in the categories in which they were approved. When the local and federal funds are combined into one budget, the department is not able to distinguish how the federal funds are being spent.

Therefore, it is critical for districts to track local and federal funding sources separately on their local accounting ledgers even if the funding is used to support the same program. Refer to the Tracking Federal and Local Funds document at www.nd.gov/dpi/uploads/173/trackfunds.pdf.

If you have questions regarding this issue, please contact the Division of Student Support & Innovation at (888) 605-1951.